

UNITED STATES OF AMERICA

BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ISO NEW ENGLAND INC.)	DOCKET NOS. ER13-193-003
)	ER13-196-002
)	(not consolidated)

MOTION FOR LEAVE TO RESPOND and
RESPONSE OF THE MASSACHUSETTS DEPARTMENT OF PUBLIC UTILITIES
(January 15, 2014)

Pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission” or “FERC”),¹ the Massachusetts Department of Public Utilities² (“MA DPU”) submits this Motion for Leave to Respond and Response to certain comments contained in the Protest (“Protest”) of the New Hampshire Public Utilities Commission, The Rhode Island Public Utilities Commission, the Vermont Public Service Board, the Vermont Public Service Department, Vermont Electric Power Company, Inc. and Vermont Transco, LLC (“Protesting Parties”) submitted to the Commission on December 16, 2013 in the above-referenced dockets. The Protest was filed in response to the Order No. 1000 (“Order 1000”) compliance filing dated November 15, 2013 (“November 15 Filing” or “Filing”) by ISO New England Inc. (“ISO-NE”) and the Participating Transmission Owners Administrative Committee (“PTOs”) (together, the “Filing Parties”).³ Nothing herein waives any legal or

¹ 18 C.F.R. §§ 385.212 and 385.213 (2012).

² The MA DPU is an agency of the Commonwealth of Massachusetts charged with general regulatory supervision over gas and electric companies in Massachusetts and has jurisdiction to regulate rates or charges for the sale of electric energy and natural gas to consumers. MASS. GEN. LAWS c. 164, § 76 et seq. Therefore, the MA DPU is a “state commission” as defined by 16 U.S.C. § 796(15) and 18 C.F.R. § 1.101(k).

³ The MA DPU, Rhode Island Public Utilities Commission (“RI PUC”), and the Connecticut Public Utilities Regulatory Authority (“CT PURA”) filed the “Notice of Intervention and Protest of the Southern New England

factual claims made by the MA DPU in the request for clarification and rehearing that is pending before the Commission.⁴

I. MOTION FOR LEAVE TO RESPOND

While Rule 213(a)(2) generally prohibits answers to protests, the Commission has accepted answers to protests that do not delay the proceedings and provide further information that assists the Commission in understanding the issues and in its decision-making process and ensures a complete record.⁵

The MA DPU's submittal meets this standard. This Response will ensure a complete record and assist the Commission in understanding and addressing issues raised in the MA DPU's December 16 Comments and the Protest. Thus, MA DPU respectfully requests that the Commission grant its Motion for Leave to Respond.

II. RESPONSE

A. PTOs' Cost Allocation Methodology Is Appropriate because Benefits Will Accrue to All New England States from Public Policy Transmission Upgrades

The MA DPU urges the Commission to reject the Protesting Parties' claims and approve the cost allocation methodology for public policy transmission upgrades proposed by the PTOs (i.e., 70 percent on a region-wide load-ratio share basis and 30 percent to the regional network load of the states that are the direct beneficiaries). In contrast to the Protesting Parties, the MA

States" in these dockets on December 10, 2012. The MA DPU also filed comments on November 15 Filing on December 16, 2013 in these dockets ("December 16 Comments").

⁴ The MA DPU, RI PUC, CT PURA, The New England States Committee on Electricity ("NESCOE"), the Commissioner of the Connecticut Department of Energy and Environmental Protection, the State of New Hampshire Public Utilities Commission, the Vermont Public Service Board and the Vermont Public Service Department filed the "Request for Clarification and Rehearing of the New England States Committee on Electricity and the Five New England States" on June 17, 2013. MA DPU incorporates by reference its previous filings concerning Order 1000 in these dockets.

⁵ See, e.g., *Michigan Elec. Transmission Co., LLC*, 106 FERC ¶ 61,129 at p. 61,452 (2004) (allowing responses to protest "as they provide additional information that assists the Commission in its decision-making process"); *PJM Interconnection, L.L.C.*, 104 FERC ¶ 61,031 at p. 61,077 (2003) (admitting answer to protest "since it will not delay the proceeding, will assist the Commission in understanding the issues raised, and will insure a complete record upon which the Commission may act").

DPU and many other parties⁶ agree with the PTOs that since all customers in New England would share in a wide-range of benefits from a transmission upgrade, it is reasonable that 70 percent of the costs be allocated on a region-wide basis and 30 percent be allocated to the states that directly benefit from the transmission upgrade.

The Protesting Parties argue that the assumption upon which the PTOs base allocating 70 percent of the costs of public policy transmission upgrades is that such transmission upgrades would produce substantial regional benefits.⁷ The Protesting Parties claim that the cost allocation method does not provide a mechanism through which potential regional benefits can be measured and allocated in a commensurate manner.⁸ In the Protesting Parties' view, the November 15 Filing focuses on incidental benefits of the public policy transmission upgrades.

The Protest states:

the incidental regional benefits listed in the November 15 Filing are not supported by studies or evidence quantifying the magnitude of those benefits and how they are distributed among the New England states. Absent studies that support the Filing Parties' claim that Public Policy Transmission Upgrades produce region-wide benefits, there is no justification for imposing 70 percent of the total costs on all states. Furthermore, without empirical studies, the Filing Parties cannot meet their burden of showing that the costs allocated to the states based on load-ratio shares are "roughly commensurate" with estimated benefits.⁹

Nevertheless, the Protesting Parties ask the Commission to approve an alternative cost allocation method that would allocate no more than 30 percent of the total costs of a transmission upgrade to states based on load-ratio shares while allocating the 70 percent to states based on unmet policy needs when a default cost allocation is required.¹⁰

⁶ See comments submitted by ENE, Connecticut Fund for the Environment, Environment Council of Rhode Island, Health Care Without Harm, The Natural Resources Council of Maine and The Sustainable FERC Project and the Conservation Law Foundation.

⁷ Protest at 9.

⁸ *Id.*

⁹ Protest at 10.

¹⁰ Protest at 1.

However, the Protest itself is noticeably devoid of any empirical studies to support the Protesters' proposed alternative cost allocation methodology. In fact, neither side has produced empirical studies. But the Protesters' insistence on studies is misguided. Regional Cost Allocation Principle 1¹¹ requires only that costs be allocated in a manner that is roughly commensurate with benefits.¹² Moreover, it is unlikely that precision in this matter would be attainable.

Contrary to the Protest, the November 15 Filing describes numerous benefits associated with upgrades to the transmission system. These benefits include improved reliability, reduced congestion costs, reduced power losses, greater carrying capacity, reduced operating reserve requirements, reduced air pollutants emissions, employment/economic benefits and improved access to generation.¹³ In addition, citing a study by the Brattle Group, the November 15 Filing enumerates a plethora of potential benefits associated with a high-voltage transmission line:

- Traditional Production Cost Savings – Production cost savings as traditionally estimated.
- Additional Production Cost Savings – Reduced transmission energy losses; Reduced congestion due to transmission outages; Mitigation of extreme events and system contingencies; Mitigation of weather and load uncertainty; Reduced cost due to imperfect foresight of real-time system conditions; Reduced cost of cycling power plants; Reduced amounts and costs of operating reserves and other ancillary services; Mitigation of reliability-must-run conditions; Sub-optimal system utilization in non-RTO “Day-1” markets.
- Reliability and Resource Adequacy Benefits – Avoided/deferred reliability projects; Reduced loss of load probability or Reduced planning reserve margin.
- Generation Capacity Cost Savings – Capacity cost benefits from reduced peak energy losses; Deferred generation capacity investments; Access to lower-cost generation resources.
- Market Benefits – Increased competition; Increased market liquidity.

¹¹ December 16 Comments at 4

¹² As the Conservation Law Foundation noted: “Fortunately, the standard that the cost allocation must meet is not perfect allocation, but allocation that is ‘roughly commensurate’ a standard that recognizes and seeks to account for the complexities associated with identifying benefits and assigning cost among states of differing characteristics, political and fiscal philosophies, policies and needs.” Comments at 11-12.

¹³ December 16 Comments at 9.

- Environmental Benefits – Reduced emission of air pollutants; Improved utilization of transmission corridors.
- Public Policy Benefits – Reduced costs of meeting public policy goals.
- Employment and Economic Development Benefits – Increased employment and economic activity; Increased tax revenues.
- Other Project-Specific Benefits – Storm hardening; Increased load serving capability; Synergies with future transmission projects; Increased fuel diversity and resource planning flexibility; Increased wheeling revenues; Increased transmission right and customer congestion-hedging value and HVDC operation benefits.¹⁴

Further, a study prepared by Black & Veatch on behalf of NESCOE¹⁵ documents the impact of importing incremental volumes of power (predominantly hydropower) from Quebec in the period 2018 to 2029.¹⁶ Black & Veatch forecasted the price of incremental megawatts (“MW”) in New England at each zone with and without the hydropower imports. Black & Veatch then weighted the zonal prices by zonal load to get an average New England Locational Marginal Price (“LMP”). To the extent that the forecasted LMPs were lower with increased Canadian imports than without represented an average price reduction benefit to all New England electricity customers. Black & Veatch estimated that a 1,200 MW line from New Brunswick to Massachusetts would result in an average annual cost reduction for the New England electricity customer of \$103-164 million (2013 dollars) over the period 2018 through 2029. If both a 1,200 MW line from New Brunswick to Massachusetts and a 1,200 MW line from Quebec to Connecticut via New York (for a total of 2,400 MW of additional import capacity) were to be built, New England ratepayers would realize average annual savings in electricity prices of \$227-354 million (2013 dollars) over 2018-2029. Black & Veatch

¹⁴ December 16 Comments at 9-10.

¹⁵ NESCOE is a not-for-profit organization representing the collective interests of the six New England States on regional electricity matters. It is directed by Managers appointed by the six New England Governors and advances policies to provide electricity at the lowest possible price over the long term, while maintaining reliable electric service and environmental quality. <http://nescoe.com>.

¹⁶ Report titled “Hydro Imports Analysis” (BV Project No. 180696) dated November 1, 2013 prepared by Black & Veatch for NESCOE. http://nescoe.com/uploads/Hydro_Imports_Analysis_01_Nov_2013_Final.pdf.

acknowledged that importing greater volumes of Canadian power would also result in lower average gas prices in New England, because more imported power would reduce the gas demand of New England generators. Additionally, more clean hydroelectricity would enhance the fuel diversity of the system.

It is important to note that the Protesting Parties make no mention of the likelihood of lower LMPs in New England as a result of a public policy transmission upgrade. Lower LMPs would provide significant cost benefits to all New England ratepayers, regardless of which state they are located in or which public policies are being met at that point in time.

Because of the significant cost, reliability, and fuel-diversity benefits¹⁷ that would accrue to all New England ratepayers, it is entirely reasonable for 70 percent of the costs of a transmission upgrade to be allocated to all the states on a region-wide load-ratio share basis. Accordingly, the MA DPU urges the Commission to reject the Protesting Parties' claims and approve the cost allocation methodology as filed.

B. Massachusetts and Connecticut Will Pay The Majority of Costs Associated with Public Policy Transmission Upgrades

The Protesting Parties argue that the PTOs' proposal allocates the lion's share of the costs of a transmission upgrade to all the states without providing any empirical evidence that the transmission upgrade would produce benefits in which all of the New England states would share. In fact, under most scenarios, Massachusetts and Connecticut would bear by far the

¹⁷ Although Vermont indicates it is unlikely to need transmission in the near to medium term (Protest at 14-15), a public policy upgrade could possibly help Vermont incorporate more renewable power in the short term. During a July 2013 heatwave, ISO-NE curtailed Green Mountain Power's ("GMP") Kingdom Community Wind ("KCW") facility to avoid operating the system unreliably. According to ISO-NE, because of its location KCW was competing with other renewable resources for limited space on the transmission system. The area where KCW is connected to the system was not designed to accommodate additional generating resources. Thus, an upgrade could possibly help Vermont incorporate more renewable power to the system. *See* letter from Gordon van Welie, President and Chief Executive Officer of ISO-NE to Governor Shumlin dated August 6, 2013.

largest share of the costs associated with any transmission upgrade. As Table 1¹⁸ below demonstrates, for illustrative purposes, if a new transmission line is built at a cost of \$1,000,000,000, then under the current load-ratio share allocation method, Connecticut and Massachusetts would pay \$720,000,000. When the costs are allocated 70 percent to the entire region and 30 percent to those states whose public policies are being met, as in this example, Massachusetts and Connecticut would pay 80.4 percent of the total cost of the line or \$804,000,000. When compared to the current allocation, this is a transfer of cost to Connecticut and Massachusetts of \$84,000,000, and a corresponding reduction in costs to the other four New England states. Under this scenario, the states that support (Massachusetts, Connecticut and Maine) the PTOs' proposed cost allocation methodology would pay 86.3 percent of the total cost of the line or \$862,800,000. In contrast, the states that are protesting (New Hampshire, Rhode Island and Vermont) the PTOs' proposed cost allocation would pay 13.8 percent or \$137,200,000. Therefore, contrary to the Protesting Parties' claim that the lion's share of the costs would be borne by all states under the PTOs' proposed cost allocation methodology, a simple illustrative example shows that Massachusetts and Connecticut would continue to bear the vast majority of costs in any public policy transmission upgrade.

¹⁸ The average network load values represent year 2005 through year 2012. This information was gathered from the Transmission Owners' annual informational filing regarding ISO Tariff Changes to be in effect, pursuant to Docket No. RT04-2-000. The filing can be found on ISO-NE's website: <http://www.iso-ne.com/regulatory/ferc/ptoac/index.html>.

Table 1

Line											
1	Assume there is new transmission of			\$1,000,000,000							
2	if the Average Network Load was as shown the cost allocation and differences are shown										
3											
4				TO Proposal							
5	Col#1	Col#2	Col#3	Col #4		Col #5	Col #6	Col #7			
		Average Network Load	CT & MA only								
6				70%		30%	Total	Resulting Percentage			
7	formula:			\$1B x Col#4 Line 6 x Col#2		\$1B x Col#5 Line 6 x Col#3	Col#4 + Col #5				
8											
9	Connecticut	25.8%	35.8%	180,600,000		107,500,000	288,100,000	28.8%			
10	Massachusetts	46.2%	64.2%	323,400,000		192,500,000	515,900,000	51.6%			
11	Subtotal A	72.0%	100.0%	504,000,000		300,000,000	804,000,000	80.4%	80.4%		
12											
13	Maine	8.4%		58,800,000			58,800,000	5.9%	5.9%		
14	New Hampshire	9.0%		63,000,000			63,000,000	6.3%			6.3%
15	Rhode Island	6.5%		45,500,000			45,500,000	4.6%			4.6%
16	Vermont	4.1%		28,700,000			28,700,000	2.9%			2.9%
17	Subtotal B	28.0%		196,000,000			196,000,000	19.6%			
18								39.2%			
19	Total	100.0%	100.0%	700,000,000		300,000,000	1,000,000,000		86.3%		13.7%
20											
21											
22											
23	formula:			\$1B x Col#2 above			from 70/30 total above	Difference			
24	Connecticut			258,000,000			288,100,000	-30,100,000			
25	Massachusetts			462,000,000			515,900,000	-53,900,000			
26	Subtotal A			720,000,000			804,000,000	-84,000,000			
27											
28	Maine			84,000,000			58,800,000	25,200,000			
29	New Hampshire			90,000,000			63,000,000	27,000,000			
30	Rhode Island			65,000,000			45,500,000	19,500,000			
31	Vermont			41,000,000			28,700,000	12,300,000			
32	Subtotal B			280,000,000			196,000,000	84,000,000			
33											
34	Total			1,000,000,000			1,000,000,000	-84,000,000			

C. Cost Allocation for Public Policy Transmission Upgrades Should Be Viewed like Investment in Pool Transmission Facilities in New England

The Protesting Parties acknowledge that states' needs will change over time and that those states with little or no current need for transmission may have greater needs in the future.¹⁹

¹⁹ Protest at 15.

The Protesting Parties recognize that such states will be partially responsible for the transmission upgrades and, as such, should pay an appropriate share of the costs.²⁰

The MA DPU believes that Regional Cost Allocation Principle 1 of Order 1000 requires a form of “rough justice.” Order 1000 provides that the costs associated with new transmission facilities be allocated in a manner that is roughly commensurate with the benefits.²¹ Similarly, a form of “rough justice” is employed for allocating costs of reliability projects in New England. The region has long decided that the costs associated with the construction of a transmission line for reliability reasons warrant allocation on a region-wide load-ratio share basis.

It is possible that allocating costs for reliability projects on a load-ratio share basis is not the most equitable approach. An alternative approach could be to allocate costs by the amount of pool transmission facilities (“PTF”) that is located in a particular state. Under this scenario, each state would pay for the PTF located in its state. This might be more advantageous to Massachusetts as it is a small densely populated state. In contrast, Vermont and New Hampshire are much larger and less densely populated states, and, as such, require longer PTF. However, although there are a variety of options for allocating costs, New England has decided it is reasonable to allocate the costs associated with reliability projects on a load-ratio share basis (i.e., “rough justice”). Additionally, New England does not perform empirical studies to justify cost allocation for reliability projects. In the same vein, there is no need to do so for public policy transmission upgrades.

Public policy needs change over time just as reliability needs change over time. The Appendix attached hereto identifies the cumulative New England PTF investment by state boundaries by year, illustrates this amount as a percentage of total New England PTF investment,

²⁰ *Id.*

²¹ December 16 Comments at 4.

and compares the PTF investment in each state to the average network load. There are “winners” and “losers” at any one point in time, so rather than focusing on a specific point in time, a longer perspective on cost allocation may be warranted.

For example, as detailed in the Appendix, in the early 2000s Massachusetts’s PTF investment as a percentage of New England exceeded its network load percentage. However, since 2007, Massachusetts’ PTF investment as a percentage of New England has been well below its network load percentage. In contrast, as detailed in the Appendix, Vermont’s network load is 4.1 percent of New England’s load. Vermont’s PTF investment as a percentage of New England has exceeded its network load percentage since the early 2000s.

As previously stated, New England long ago adopted the network load allocator for reliability projects rather than arguing over the cost allocation for each project. To do otherwise would severely impede the planning process and the build-out of transmission.

The MA DPU believes that the PTOs’ proposed cost allocation methodology is a reasonable way to handle these changing needs and costs. The PTOs’ proposed methodology allocates costs in a manner that is roughly commensurate with the benefits so that New England can achieve its public policy goals. The MA DPU urges the Commission to reject any suggestion that empirical studies are required to justify the benefits associated with a public policy transmission upgrade. Thus, the Commission should approve the cost allocation methodology as filed.

D. Miscellaneous

(i) The Process by Which 30 Percent of the Costs Will Be Allocated Is Appropriate

The Protesting Parties are concerned that the process for allocating 30 percent of the costs is incomplete. According to the Protest, it will be difficult for the Commission and the Protesting Parties to determine the reasonableness of the methodology.²² More specifically, the Protesting Parties argue that the description of Planning Need²³ is too broad and leaves room for dispute, among other things.²⁴ The Protest cites to this language from the November 15 Filing: ““based on an estimate of the MWhs of electric energy (or MWs of capacity, if applicable) needed over the requested study period to satisfy the state and federal Public Policy Requirements it identified for evaluation.””²⁵ The MA DPU believes that the process by which allocation of 30 percent of the costs will be implemented is appropriate. The MA DPU also believes that, as the entity representing the interests of the six New England States, NESCOE’s central role in determining how the Planning Need relates to cost allocation is sufficient. The MA DPU agrees with NESCOE that “NESCOE’s determination of such a need is consistent with and, indeed, inseparable from the study needs identification process already approved by the Commission.”²⁶ Thus, the Commission should reject the Protesting Parties’ request and approve the process as filed.

(ii) Protesting Parties’ Concern about Significant Economic and Non-Monetary Costs is Misguided

The Protesting Parties contend that because public policy transmission upgrades may run through scenic landscapes, including forested and open wetland areas, they can burden the host

²² Protest at 18.

²³ November 15 Filing, Schedule 12 at Section 6.

²⁴ Protest at 18.

²⁵ Protest at 18-19.

²⁶ NESCOE Comments at 4.

states with significant economic and non-monetary costs.²⁷ However, the Protesting Parties' concern about economic and non-monetary costs is misguided because a transmission upgrade would be fully vetted through state siting reviews. As such, absent an acknowledgement of the benefits, the line would likely not get built.

(iii) Protesting Parties' Example of Generation Facilities/Radial Lines is Misplaced

The Protesting Parties argue that any reliability/congestion benefits associated with public policy transmission upgrades are likely to be small in comparison to the benefits from traditional reliability-driven transmission projects under the Regional Benefit Upgrades provisions of the Open Access Transmission Tariff.²⁸ According to the Protesting Parties, public policy transmission upgrades are likely to include significant radial lines (i.e., generator interconnection facilities) to access remotely located wind generation resources.²⁹ They state that this is in contrast to new reliability-driven transmission projects that become part of a highly integrated network that enhances reliability, reduces congestion, reduces power losses and provides access to a wide variety of resources.³⁰

The MA DPU notes that public policy transmission upgrades need not be limited to projects moving power from relatively small, isolated wind renewable resources to backbone transmission facilities. In fact, public policy transmission upgrades are likely to be backbone transmission projects. Transmission lines designed to import large quantities of Canadian hydropower would be a case in point. These supply contracts would provide fuel diversity and benefit reliability. Canadian export lines would be developed to be fully integrated into the ISO-NE grid and to cause no congestion. In addition, depending upon the route of a

²⁷ Protest at 10.

²⁸ Protest at 11.

²⁹ *Id.*

³⁰ Protest at 11.

Canadian export line, it might be possible to interconnect remote New England wind renewable resources to that line. In that event, the additional Canadian export capability would provide additional benefits both to the region as a whole and to individual states.

(iv) All New England States Will Enjoy Benefits of Clean Air Associated with a Public Policy Transmission Upgrade

The Protesting Parties acknowledge that there may be clean air benefits associated with public policy transmission upgrades.³¹ According to the Protesting Parties, the benefits must take into account the existence of the Regional Greenhouse Gas Initiative (“RGGI”) and each state’s implementation of the Clean Air Act. The Protesting Parties also note that if a state believes that existing air pollution standards are too lenient and that air pollution from power plants should be reduced further, a public policy transmission upgrade that delivers clean renewable energy is one way to remedy the situation.³² But the Protesting Parties assert that states that have no statutory authority to advance a public policy that seeks to reduce power plant air pollution below existing authorized levels should not be required to subsidize states that do.³³ As the MA DPU explained in its December 16 Comments, all New England states are members of RGGI and the clean air produced by a public policy transmission upgrade will allow the New England states to satisfy their RGGI requirements.

(v) The Protesting Parties Are Being Inconsistent with Respect to the Need for Empirical Studies to Support Benefits

The Protesting Parties argue repeatedly about the need for empirical studies to support benefits associated with public policy transmission upgrades.³⁴ In addition, the Protesting Parties

³¹ Protest at 12-13.

³² *Id.*

³³ Protest at 12-13

³⁴ See, e.g., “The Protesting Parties recognize that almost any transmission project will provide some incidental benefits to all New England ratepayers; however, absent empirical studies showing the incidental benefits to be significant, the presumption must be that such benefits are small compared to the primary benefits derived from

support the cost allocation methodology proposed by the Massachusetts Municipal Wholesale Electric Company (“MMWEC”).³⁵ According to the Protesting Parties, the MMWEC proposal represents a more equitable approach to cost allocation because it relies upon empirical studies for the development of a proxy percentage for regional benefits associated with specific public policy transmission upgrades that would not exceed 30 percent.³⁶

Then, surprisingly, the Protesting Parties state that a straight 30 percent allocation of the costs of a public policy transmission upgrade based upon load-ratio shares **without reference to empirical studies** would be reasonable because a higher percentage would be inconsistent with the fact that transmission upgrades are driven by the entities that need renewable power and not by a desire to share in regional benefits.³⁷ The Protesting Parties appear to be trying to have it both ways. As the MA DPU has stated, Regional Cost Allocation Principle 1 requires that the costs be roughly commensurate with the benefits. Perfect alignment of costs and benefits is not required nor is it likely to be achievable in this instance.

Public Policy Transmission Upgrades” Protest at 2. “The Protesting Parties also assert that the incidental benefits listed in the November 15 Filing are not supported by studies or evidence quantifying the magnitude of those benefits and how they are distributed among the New England states. Absent studies that support the Filing Parties’ claim that Public Policy Transmission Upgrades produce region-wide benefits, there is no justification for imposing 70 percent of the total costs on all states. Furthermore, without empirical studies, the Filing Parties cannot meet their burden of showing that the costs allocated to the states based on load-ratio shares are ‘roughly commensurate’ with estimated benefits.” Protest at 10.

³⁵ Protest at 22.

³⁶ *Id.*

³⁷ Protest at 22-23.

V. CONCLUSION

The MA DPU appreciates the opportunity to provide additional comments to the Commission. For the foregoing reasons and those contained in its December 16 Comments, the MA DPU urges the Commission to reject the Protesting Parties' arguments and approve the cost allocation method for public policy transmission upgrades filed by the Filing Parties which allocates 70 percent of the costs on a region-wide load-ratio share basis and 30 percent to the regional network load of the states that are the direct beneficiaries because their public policy needs are being addressed by the transmission upgrade.

Respectfully Submitted,

Massachusetts Department of Public Utilities,

/s/

Cecile M. Fraser
Thomas E. Bessette
Massachusetts Department of Public Utilities
One South Station
Fifth Floor
Boston, MA 02110
Phone: 617-305-500
Fax: 617-345-9103
Email: Cecile.Fraser@ma.state.us
Thomas.Bessette@ma.state.us

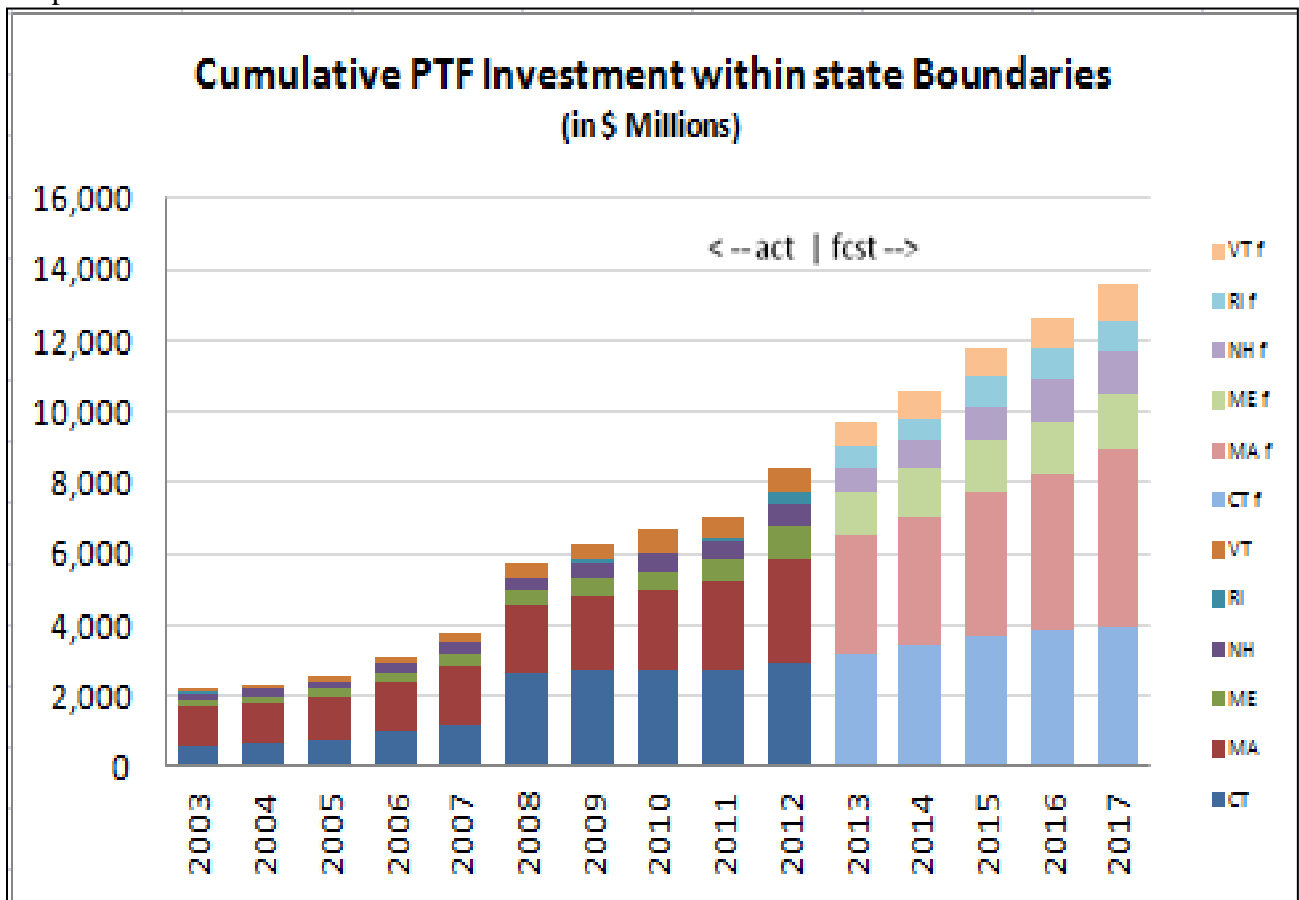
Date: January 15, 2014

APPENDIX

The New England cumulative PTF investment approximated \$1.6 billion by 1996. During the next seven years PTF investment continued to grow at an annual range of \$20 to \$140 million, such that by 2003 the cumulative New England PTF investment approximated \$2.2 billion. In the last eight years the annual PTF investment has ranged between \$120 million to \$2 billion, such that by 2012 the New England cumulative PTF investment approximated \$8 billion. The increase in PTF investment is forecast to continue such that by 2017 the New England cumulative PTF investment will approximate \$14 billion.

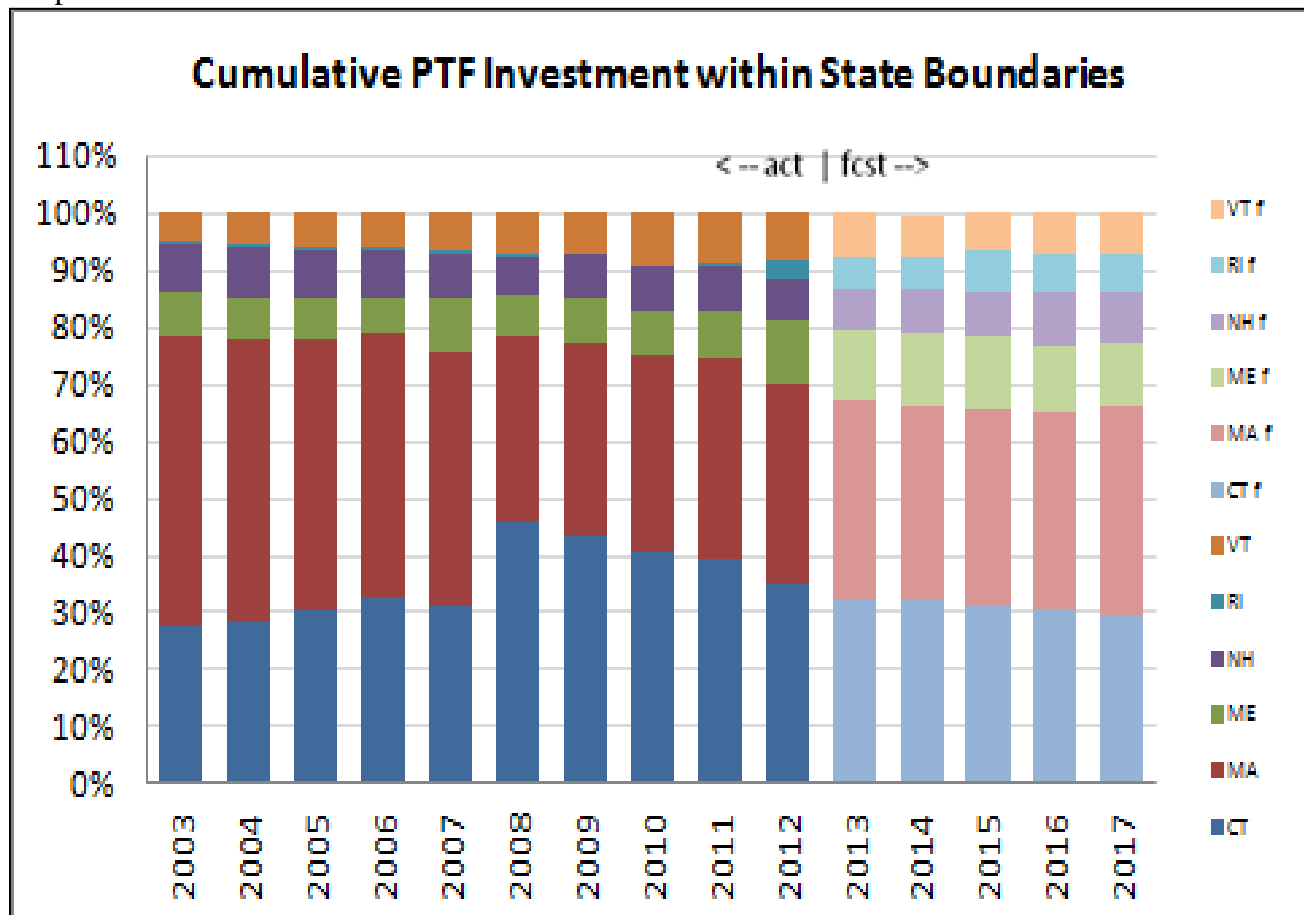
Using information available in public documents³⁸ and with clarification provided by some transmission owners, the following graphs illustrate the cumulative PTF investment by state. Graph 1 illustrates the cumulative PTF investment in the New England area. Graph 2 illustrates the same information but expresses the information as a percent of the total New England PTF. On the graphs the pre 2012 values are actual, the 2013 through 2017 values are forecast (the lighter shaded columns); the states are stacked in the following order from bottom to top: Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island and Vermont.

Graph 1



³⁸ See http://www.iso-ne.com/committees/comm_wkgrps/relblty_comm/relblty/mtrls/2013/jul22232013/index.html, specifically A4 RNS Rate Effective June 1 2013 at 25.

Graph 2



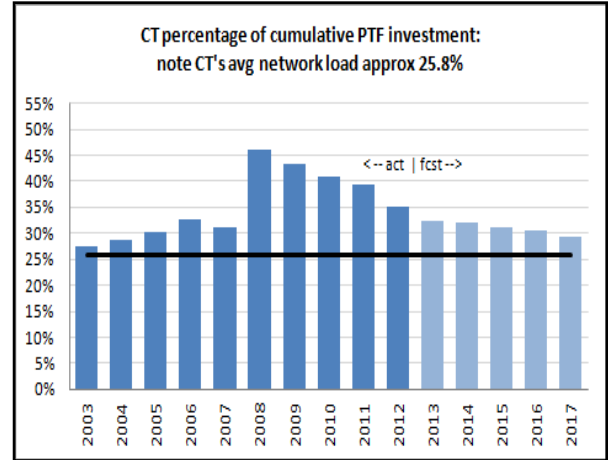
Regional Network Service Rates are recovered from Network Load on a monthly basis. The average monthly Network Load³⁹ are Connecticut 25.8%; Massachusetts 46.2%, Maine 8.4% New Hampshire 9%, Rhode Island 6.5% and Vermont 4.1%.

We have compared the PTF investment in each state to its average Network Load. The graphs allow the reader to approximate whether the PTF investment underlying the regional network rates, which have socialized cost recovery, have been / are being / will be above or below their load-ratio share. A representative solid black line on each illustration reflects the average of 2005-2012 Network Load.

³⁹ The Average Network Load values represent the 2005 through 2012 period. This information was gathered from the Transmission Owners' annual informational filing regarding ISO Tariff Changes to be in effect, pursuant to Docket Nos. RT04-2-000. Copies of the filings can be found on ISO-NE website, specifically <http://www.iso-ne.com/regulatory/ferc/ptoac/index.html>.

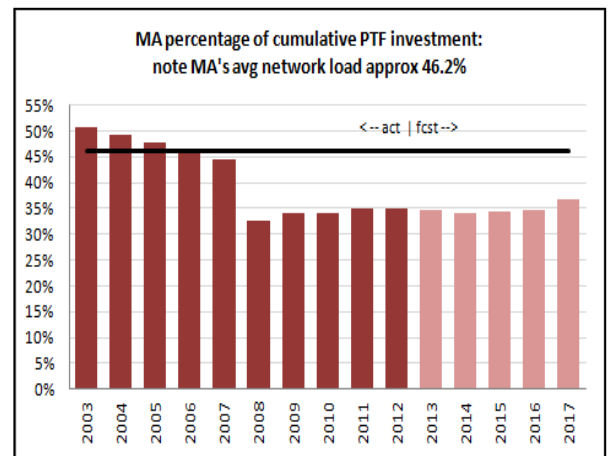
CONNECTICUT

The network load is 25.8% of New England (NE) load. There was significant PTF investment in CT in 2008, so the column in that year grows to over 45%, then with time PTF investments occur in other areas and the columns decrease and are currently approaching the CT network load percentage.



MASSACHUSETTS

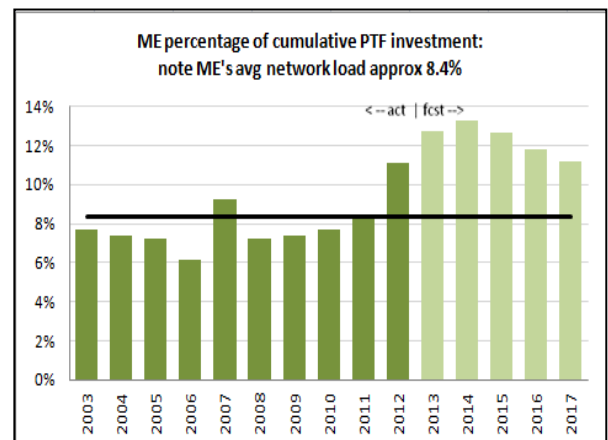
The network load is 46.2% of NE load. In the early 2000s MA PTF investment as a percentage of NE exceeded its network load percentage; if expenses are recovered based on network load one could say MA investment at that time was being paid by other states. However beginning in 2007 MA PTF investment as a percentage of NE has been well below its network load percentage, so one could say MA has been paying for the PTF investment in other states.



Note the vertical scale on the remaining illustrations differs from the CT and MA illustrations

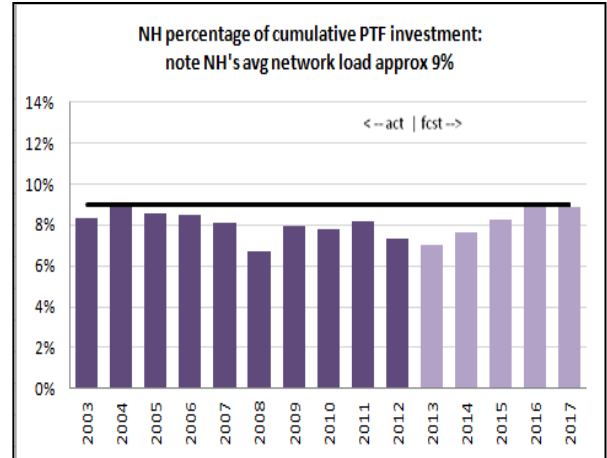
MAINE

The network load is 8.4% of NE load. For a number of years the ME PTF investment as a percentage of NE was slightly below its network load percentage; if expenses are recovered based on network load one could say ME was paying for the PTF investment in other states during this time. However in 2007 and again beginning in 2012 ME PTF investment as a percentage of NE exceeds its network load percentage, so one could say ME PTF investment has been and will be paid by other states.



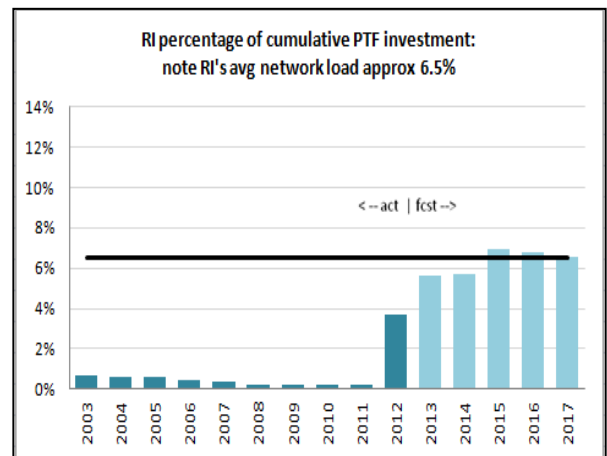
NEW HAMPSHIRE

The network load is 9% of NE load. For most years the NH PTF investment as a percentage of NE was at slightly below or at its network load percentage.



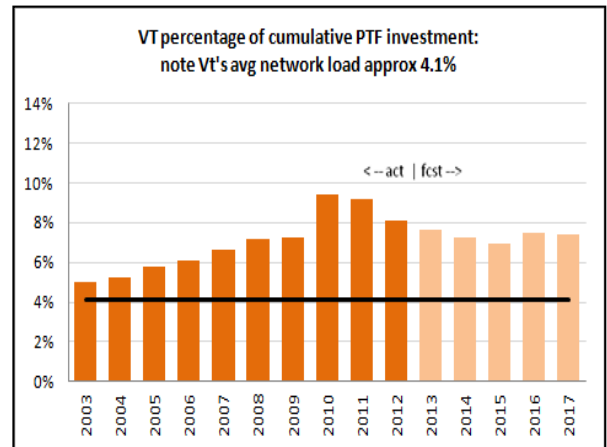
RHODE ISLAND

The network load is 6.5% of NE load. For a number of years the RI PTF investment as a percentage of NE was below its network load percentage; if expenses are recovered based on network load one could say RI was paying for the PTF investment in other states. However beginning in 2012 RI PTF investment as a percentage of NE begins to grow, expecting to approach or exceed its network load percentage in the 2013 thru 2017 period.



VERMONT

The network load is 4.1% of NE load. In all years illustrated the VT PTF investment as a percentage of NE was at above its network load percentage; therefore, one could say the VT PTF investment was being paid by other states.



The prior state graphs reveal that every state's position changes over time.

CERTIFICATE OF SERVICE

In accordance with 18 C.F.R. §385.2010 (2008), I hereby certify that I have this day served, via electronic mail or first class mail, the foregoing document upon each person designated on the official service list compiled by the Secretary in these proceedings.

Dated at Boston, Massachusetts on this 15th of January, 2014.

/s/ Cecile M. Fraser
Cecile M. Fraser